

AN ORDINANCE

97202

**APPROVING AND AUTHORIZING THE EXECUTION OF A TAX
PHASE-IN AGREEMENT WITH THE HEB GROCERY COMPANY
TO EXEMPT FROM AD VALOREM TAXATION
APPROXIMATELY \$11.3 MILLION IN REAL PROPERTY
IMPROVEMENTS AT ONE HUNDRED PERCENT (100%) FOR A
SIX (6) YEAR TERM.**

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WHEREAS, HEB Grocery Company, L.P. (hereinafter "HEB") is one of the largest independently-owned food retailers in the nation and has been serving Texas families for almost 100 years with sales now approaching \$9 billion per year; and

WHEREAS, HEB employs over 55,000 partners with 275 supermarkets and 7 Central Market stores across south, central and southeast Texas with 20 grocery stores in Mexico; and

WHEREAS, HEB relocated their headquarters from Corpus Christi to San Antonio in 1985 and locally operates 41 stores with 15,200 employees, including a San Antonio Retail Support Center in northeast San Antonio at 4710 N. Pan Am Expressway within the Great South Texas Industrial Park Reinvestment Zone (the "Zone") used primarily for warehousing, manufacturing and distribution of meat and perishable food products; and

WHEREAS, HEB is considering construction of a new 110,000 square foot perishable distribution center (the "New PDC Facility") for storage and distribution of perishable grocery products as well as renovation and expansion of its existing meat plant, to include the 133,000 square foot old perishable distribution center and 16,000 square feet of new construction (the "New Meat Plant"), for processing and distributing meat products; and

WHEREAS, the company has applied for a six-year, one hundred percent (100%) tax phase-in on real property improvements following substantial completion of the New PDC Facility and New Meat Plant (the "Project"), located on approximately 70 acres within the Zone, with construction scheduled to begin in February 2003 and completion expected by March 2005; and

WHEREAS, in connection with the Project, HEB will invest approximately \$10,250,000 in real property improvements for the New PDC Facility by 2004 and approximately \$8,900,000 in real property improvements for the New Meat Plant by 2005, for a total estimated value of \$11,300,000 in real property improvements in the Zone upon completion; and

WHEREAS, HEB will also create a total of 40 new jobs by 2005, while retaining approximately 402 existing jobs with all new hires starting at a wage of at least \$8.75 per hour with a minimum of 70% of those employees paid at least \$9.86 per hour within one year; and

WHEREAS, HEB also offers its employees an excellent benefits package including family medical and dental insurance, investment and retirement plans, paid vacation and holidays, performance incentive plans and educational assistance; and

WHEREAS, this Project qualifies under the City's Tax Phase-In Guidelines (the "Guidelines") as a regional distribution facility and further meets standards set out in the Guidelines for investment, jobs and wages; and

WHEREAS, the City Council finds that the Project furthers the objectives of the Economic Development Department and the City by encouraging the retention and expansion of a successful local business while promoting revitalization in a targeted area of the City; and

WHEREAS, the City Council also finds that authorizing and approving the proposed Tax Phase-In Agreement with HEB for these real property improvements is a reasonable incentive to help induce HEB to continue and expand their distribution activities in San Antonio; and

WHEREAS, the City Council further finds that it is in the best interest of the City to exempt from taxation one hundred percent (100%) of the \$11,300,000 estimated value of real property improvements to be made by HEB in the Zone, for six years, commencing on the January 1st following substantial completion of the New PDC Facility; **NOW THEREFORE**:


BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Council hereby authorizes a Tax Phase-In Agreement with HEB, which Agreement shall grant a one hundred percent (100%) abatement of ad valorem taxes on real property improvements made by HEB for an estimated value of \$11,300,000 in the Great South Texas Industrial Park Reinvestment Zone. A copy of the Agreement, in substantially final form, is attached hereto and incorporated herein as Exhibit "A".

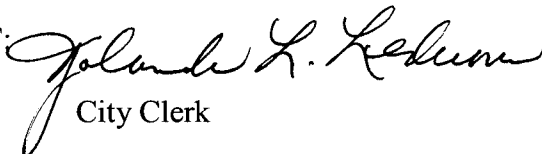
SECTION 2. The City Manager or a designated representative is authorized, for a forty-five (45) day period from the effective date of this ordinance, to execute an Agreement as approved in Section 1. The final Agreement shall be filed with this Ordinance upon execution.

SECTION 3. This ordinance shall be effective on and after the tenth (10th) day after passage hereof.

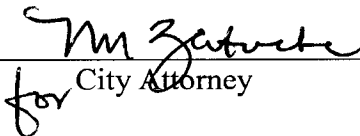
PASSED AND APPROVED this 13th day of February, 2003.


M A Y O R
EDWARD D. GARZA

ATTEST:


City Clerk

APPROVED AS TO FORM: _____


for City Attorney